

14. BUILDING ON SUCCESS

As Vice President Gore said three years ago, reinventing the Federal Government will take years of work. Having accomplished much so far, the Administration remains committed to building on its success by finding new, better ways to deliver service to the American people.

As the Administration works to balance the budget, these efforts become even more important. Red tape, perverse incentives, and bureaucratic inertia are even less acceptable in an era of limited funds. In the coming years, the Government will have to make fundamental changes in the way it works with State and local governments, with those it regulates, and with the American public. The initiatives described below are the next in a series of steps to fundamentally change the way Government works.

- Despite some progress, the Government is still fragmented by agency and program, with State and local governments administering 600 Federal programs. At the local level, problems and opportunities do not fit neatly into boxes on the Federal organizational chart. As a result, the Administration is working to redefine the relationship among Federal, State, and local governments to focus on missions and solutions, rather than organizations and structures.
- The Administration is encouraging a stronger partnership between Federal management and its employees. Across the Government, the National Partnership Council is spurring collaborative labor-management efforts, improving customer service, and cutting costs.
- In all of its efforts, the Administration is working to ensure that Government delivers better service to its customers, the American people. In fact, the Administration is creating a new kind of organization—a Performance-Based Organization—to put customer service at the forefront when agencies perform their tasks. And the Administration is redoubling its cus-

tomers service efforts in those “Vanguard Agencies” that most frequently have contact with citizens.

- To improve customer service and ensure that taxpayer dollars are well spent, the Administration is implementing a comprehensive plan for agencies to manage their resources and programs with a focus on performance and results. The 1993 Government Performance and Results Act and other performance management efforts will give taxpayers a report card on the cost-effectiveness of Government programs.

Performance-Based Intergovernmental Partnerships

The Administration is working to fundamentally shift the way the Federal Government finances and administers over 600 intergovernmental programs. Performance-based intergovernmental partnerships are agreements between the Federal Government and other levels of government based on goals and the progress toward meeting them. In exchange for commitments to specific performance levels, State and local governments receive more administrative flexibility on how to achieve these levels.

Performance Partnerships: Last year, the President proposed to consolidate 271 programs into 27 “Performance Partnerships” in areas such as public health, rural development, education and training, housing and urban development, and transportation. Generally, these partnerships would consolidate funding streams and eliminate overlapping authorities, create financial incentives and reward results, and cut Federal micro-management and paperwork.

For example, the Public Health Service would consolidate over 100 programs into partnership categories, such as chronic diseases. Larger, flexible funding pools would replace small categorical grants. Grantees would decide how to use funds, but would develop—and show progress toward meeting—

public health goals, such as increasing the share of women whose breast cancer is detected at an early stage.

Congress has not yet enacted legislation to implement the proposed partnerships. But, where it can, the Administration is acting on its own. For example, the Department of Health and Human Services has begun consulting with State and local governments, and non-profit service providers, on appropriate measures of program performance.

The Southern Alliance of States: Most States are working with the Federal Government to enhance the dignity and security of public assistance recipients. Rather than use cash or paper instruments such as Food Stamps, they will be able to use debit cards. The efforts build on existing commercial automated teller machine and point-of-sale debit card networks.

In 1994, the Federal Government signed onto a multi-State, multiprogram prototype to provide cash and food assistance to households that do not have bank accounts. The Southern Alliance of States—which includes Arkansas, Missouri, Alabama, North Carolina, Tennessee, Kentucky, Georgia, and Florida—formed a partnership with the Treasury, Agriculture, and Health and Human Services Departments, and the Social Security Administration to choose a financial services provider and implement a one-card program of electronic benefits transfer (EBT) starting in 1995.

Regional alliances in the Northeast, Midwest, and West also are implementing EBT. By 1999, any State will be able to enter a partnership with the Federal Government, giving the 31 million citizens who lack bank accounts access to Federal and State benefits on a secure plastic card.

Oregon Option: In 1994, the Federal Government launched an interagency partnership with Oregon to achieve specific results: better health for children, more stable families, and a more capable workforce. Federal agencies are giving their State counterparts more freedom in how to spend Federal dollars, in exchange for a commitment to be accountable for achieving measurable results. The Administration recently signed a similar partnership with Con-

necticut to improve the State's poorest communities through economic development and neighborhood revitalization.

Local Partnerships: Individual Federal agencies also have developed performance-based intergovernmental partnerships. The Department of Housing and Urban Development, for example, formed a partnership with the State of Texas and the City of Dallas to revitalize that city, with deadlines for achieving certain objectives and performance measures to assess success. The Environmental Protection Agency has launched an effort, "XL for Communities," giving communities the assistance and flexibility to implement their own community-designed strategies for greater environmental quality.

"Local Flex": More flexibility for States and localities to address their own needs will increase the impact of Federal programs. Only a few Federal agencies, however, can now provide the necessary waivers from legal and regulatory requirements. Other steps are needed.

With some key changes, the proposed Local Empowerment and Flexibility Act would give States and localities a chance to propose plans for better coordination of Federal, State, local, and nonprofit funds and services, and to request waivers from Federal laws and regulations that hinder a locality's ability to achieve results.

Under the legislation, proposed by Senator Hatfield, a team of Cabinet-level officials would review local plans to integrate Federal funds, and Federal agencies could provide more flexibility to achieve results.

Regulatory Partnerships

Among its steps to improve the regulatory process, the Administration is moving away from adversarial enforcement and toward partnerships.

For example, the Labor Department's Occupational Safety and Health Administration (OSHA) is taking its "Maine 200" program to the Nation at large. The program gives the owners of high-injury workplaces the option of developing effective health and safety plans or facing intense scrutiny by OSHA.

“Maine 200” demonstrates the benefits of treating businesses as partners—through this program, companies have eliminated 14 times more workplace hazards than Government inspectors could have found. Under its enforcement partnerships, OSHA: (1) reduces penalties for violations that employers fix during inspection; (2) provides incentives for employers to fix hazards quickly in exchange for reduced penalties; and, most importantly, (3) measures its own performance based on safety and health results, not regulatory compliance.

Federal Workforce Partnerships

In any large organization, change requires leadership, the continued commitment of senior management, and meaningful participation by workers. Leadership and management-employee partnerships will help create a more flexible, efficient Government.

The National Partnership Council (NPC) and Labor-Management Partnerships: Since its creation in October 1993, the NPC has stimulated collaborative labor-management activities across the Government, enabling agencies to accomplish their missions more efficiently and save tax dollars. For example, Red River Army Depot and its six unions saved over \$14 million in 1994; the Denver Mint and the American Federation of Government Employees ended third-party intervention in disputes, saving an estimated \$10 million; the Customs Service and the National Treasury Employees Union joined hands to reorganize Customs in order to provide better service; and the Labor Department’s myriad of partnership reinvention activities received seven of the Vice President’s Hammer Awards. (For additional information on the Hammer Awards, see Chapter 13.)

The NPC and other interagency councils—the President’s Management Council, the Chief Financial Officers Council, and the President’s Council on Integrity and Efficiency—encourage the cross-agency dissemination of ideas, speed-

ing the process of reforming Government. These councils will be responsible for maintaining the reforms in 1997 and beyond.

Performance-Based Organizations and Market Incentives

Performance-Based Organizations (PBOs): In September 1995, the Vice President unveiled the next phase of Administration efforts to improve the delivery of Government services, designating the Commerce Department’s Patent and Trademark Office as the first agency function to be transformed into a PBO.

With PBOs, the customer comes first. The Administration will transform some agency customer service functions, such as issuing patents or retirement benefits, into performance-driven, customer-oriented tasks. The agencies will get considerable flexibility to make personnel, procurement, and financial management decisions and, in return, will be held accountable for meeting measurable performance goals in delivering services to the public.

Before the Administration designates a PBO, the agency must have a clear mission with broad support from key “stakeholders,” and it must be able to clearly distinguish between its policy-making, regulatory, and service delivery functions. The Administration will only target the service delivery function for PBO status.

In a major change from how the Government normally does business, agencies will hire “chief executives” of the PBOs on a fixed-term contract, with a clear agreement on performance goals, service delivery, and, in some cases, taxpayer savings. Agencies will pay chief executives at market rates, with a large chunk of pay tied to performance.

Candidates to become PBOs in 1997 are listed in Table 14-1.

Table 14-1. Performance-Based Organizations

Department or Agency	Function
Agriculture	Inspection of international travelers and cargo
Commerce	Technical information dissemination
Commerce	Intellectual property rights (Patent and Trademark Office)
Defense	Commissary services
Housing and Urban Development	Mortgage insurance services (FHA and GNMA)
Transportation	St. Lawrence Seaway Corporation
Office of Personnel Management	Retirement benefit management services

Internal Market Competition, Contracting Out, and Privatizing: Competition spurs efficiency. Agencies that provide administrative or other commercial/industrial services to captive customers lack the stimulus of competition to sharpen their performance. The Administration's "franchising" initiative is designed to increase competition by encouraging agencies to compete with one another and with the private sector to provide common administrative services. The Administration is consulting with Congress on pilot programs in such departments as Interior, Veterans Affairs, and Commerce.

Agency managers also can procure services from the private sector. OMB Circular A-76 governs how the Government chooses the most efficient source of commercial-type, public services—the Government or the private sector. OMB is revising the Circular to simplify cost comparison requirements; cut reporting and other administrative burdens; provide for more employee participation; facilitate employee placement; maintain the "level playing field" to compare costs between the Federal and private sectors; and improve oversight to ensure that the most cost-effective decision is implemented.

Increased Emphasis on Customer Service

Better customer service is central to the Administration's efforts to make Government work better and cost less. The President and Vice President have challenged service-providing agencies to make significant, visible improvements in their customer service (see Table 14-2). A number of the agencies will make their specific commitments to improve service through the Internet and, for the first time, will take feedback from their customers through that medium.

Agencies are communicating with their customers more than ever, and in more ways. In early 1996, many agencies will post their customer service standards on their "home pages." Future initiatives will include: one-stop assistance, such as the U.S. General Store for Small Businesses in Houston; 24-hour on-line services, such as the U.S. Business Advisor; and new ways for Americans to find Federal services in the Government or blue pages of telephone directories. Agencies are listing their services, not their organization charts—so, instead of looking for passport services under the State Department and the Bureau of Consular Affairs, citizens needing passports will be able to look under "P" for Passports.

Table 14-2. Specific Commitments of Members of the President's Vanguard*Occupational Safety and Health Administration:*

- Make a visible improvement in recruiting for partnership programs by taking the concepts of "Maine 200" program nationwide.
- Overhaul the worker complaint system to cut response time in half by working with employees and employers to immediately correct the hazards.

Internal Revenue Service:

- Make it easier, faster, and more convenient for taxpayers to file their tax returns and get forms and information by: expanding electronic filing; bringing telefile to all 50 States; making Form 1040EZ available to more people; and providing electronic services for 24-hour access—worldwide—to forms, publications, and information.

Environmental Protection Agency (EPA):

- Dramatically increase EPA's partnerships with business to better protect the environment and public health at less cost, through such programs as Project XL and the Common Sense Initiative, and through the agency's voluntary pollution prevention programs, such as Energy Star, Pesticide Environmental Stewardship, WAVE, Green Lights, Climate Wise, WasteWiSe, and 33/50.

Forest Service & Park Service:

- Dramatically improve the quality of the recreational experience and the services received by campers and visitors to the forests and parks.
- Team up to develop a prototype one-stop information and campground reservation system for public lands.

Customs Service, Immigration and Naturalization Service, and Agriculture:

- Use technology to strengthen enforcement by providing more comprehensive and more timely information to front-line inspectors.
- Team up to beat the International Air Transportation Association standard of 45 minutes from block time to exit in every major international airport.
- Develop and meet a similar standard for land border crossings.

Veterans Affairs:

- Give veterans and their dependents heightened interaction in benefits delivery.
- Make timely access the hallmark of veterans medical care.
- Maintain cemeteries as befit national shrines.
- Provide the advantages of electronic commerce to veterans and suppliers.

Passport Office:

- Ensure that all customers visiting a passport office by summer 1996 have a pleasant experience.
- Slash the lines in passport offices by summer 1996.
- If a customer has a concern regarding service, they can speak with a customer service representative.
- Ensure that all telephone inquiries are answered within 2 to 3 minutes.
- Partner with the travel industry to give travelers easy access to passport information and forms.

Social Security Administration:

- Improve access to SSA's 1-800 line by giving callers nationwide immediate access to automated services and a choice of a live operator.
- Make spectacular improvements in callers' ability to reach SSA during 1996.

The Focus on Results

To improve customer service and ensure that Government spends money wisely, the Administration has directed agencies to manage their programs with an eye toward achieving performance goals—that is, results. Using the 1993 Government Performance and Results Act (GPRA), the Administration is working to transform the way agencies are administered and programs are managed.

The number and importance of agency performance goals is growing. For example, the Coast Guard has set a target for cutting deaths in the commercial fishing industry, one of the Nation's most hazardous occupations, from 55 deaths per 100,000 workers in 1993, to 44 in 1996 and 36 in 1998.

The Forest Service has set a goal of increasing, by nearly half over 1994 levels, the number of acres on which the Government is taking steps (such as chemical treatment) to cut the threat and consequence of wildfires.

Under GPRA, agencies will prepare strategic plans that are built around their missions and clearly outline their goals, and develop measures to track their progress in achieving the goals. They will publish annual performance reports to enable Congress and the public to better understand how the Government is spending tax dollars and what it is achieving. These reports will give the public an annual update on our efforts to create a Government that works better and costs less.